

Exhibit 57

SHANE P. GADBAW Highly Confidential - Attorneys' Eyes Only
HEALEY vs. RBC

November 08, 2013
1–4

		Page 1		
1	IN THE UNITED STATES DISTRICT COURT		1	A P P E A R A N C E S :
2	FOR THE DISTRICT OF NEW JERSEY		2	
3	CAMDEN VICINAGE		3	
4	-----X		4	FOX ROTHSCHILD, L.L.P.
5	HEALEY ALTERNATIVE INVESTMENT PARTNERSHIP,		5	Attorneys for Plaintiff
6	VS.	Civil No: 10-1567 (RMB) (KMW)	5	100 Park Avenue
7	ROYAL BANK OF CANADA and RBC DOMINION		6	Suite 1500
8	SECURITIES CORPORATION a/k/a RBC CAPITAL		6	New York, New York 10017
9	MARKETS CORPORATION,		7	BY: ERNEST E. BADWAY, ESQ.
10	Defendants.		8	212.878.7900 ebadway@foxrothschild.com
11	-----X		9	
12	CONFIDENTIAL VIDEOTAPED DEPOSITION OF		10	KATTEN, MUCHIN, ROSENMAN, L.L.P.
13	SHANE P. GADBAW		11	Attorneys for Defendant
14	Friday, November 8, 2013		12	575 Madison Avenue
15	New York, New York		12	New York, New York 10022-2585
16	*** HIGHLY CONFIDENTIAL ***		13	BY: BRIAN L. MULDREW, ESQ.
17			14	212.940.6581 brian.muldrew@kattenlaw.com
18	*** ATTORNEYS' EYES ONLY ***		15	
19			16	
20			17	Also Present:
21			18	
22			19	FOX ROTHSCHILD, L.L.P.
23	Reported By:		19	Kenneth H. Leichter, Esq.
24	LINDA J. GREENSTEIN		20	KATTEN, MUCHIN, ROSENMAN, L.L.P.
25	JOB NO. 34079		21	William Regan, Esq.
			22	Jesse Haggett, Legal Video Specialist Esquire Video Solutions
			23	
			24	
			25	
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1	November 8, 2013		1	STIPULATIONS
2	9:38 A.M.		2	
3			3	IT IS HEREBY STIPULATED AND AGREED
4			4	by and between counsel for the respective
5	Confidential Videotaped		5	parties hereto, that the sealing, filing
6	Deposition of SHANE P. GADBAW, taken by		6	and certification of the within
7	Plaintiff, pursuant to Notice, held at		7	Deposition(s) may be signed and sworn to
8	Katten, Muchin, Rosenman, L.L.P., 575		8	before any officer authorized to administer
9	Madison Avenue, New York, New York, before		9	an oath with the same force and effect as
10	Linda J. Greenstein, a Certified Shorthand		10	if signed and sworn to before the officer
11	Reporter and Notary Public of the State of		11	before whom said Deposition(s) was (were)
12	New York.		12	taken;
13			13	
14			14	IT IS FURTHER STIPULATED AND AGREED,
15			15	that all objections, except as to the form,
16			16	are reserved to the trial.
17			17	
18			18	
19			19	*
20			20	*
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24			24	
25			25	
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2 have to pay that.
3 So they want -- they seek to
4 neutralize the direction of the hedge fund
5 so that they isolate their return to be
6 simply LIBOR, plus a spread.
7 Q. Now, the last sentence in that:
8 "To my knowledge, this was also
9 true of all other hedge fund-linked call
10 option sellers participating in the market
11 contemporaneously."
12 Did you do a survey of all the
13 other hedge fund-linked call option sellers
14 participating in the market?
15 MR. MULDREW: Objection to form.
16 A. My job was to be an expert in
17 the products I was selling, which means not
18 only to be able to explain your own, but
19 understand to compare and contrast yours to
20 your competitors.
21 And I worked very hard to be an
22 expert in my product, RBC's product,
23 SocGen's product, so I did quite a bit of
24 time -- in fact, a large amount of time --
25 surveying the competitors' business, the

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2 models as we did.
3 Q. And the last time you were
4 directly involved in this business was
5 2003; is that correct?
6 A. No.
7 Q. No?
8 A. No.
9 When I started XE Capital, among
10 the funds we managed was a fund of funds,
11 which didn't have direct investments in
12 hedge funds, but rather purchased a hedge
13 fund call option from BNP Paribas, so I
14 became a user of a product I was once a
15 seller of, and that lasted until, I think
16 2010 was when we finally terminated that
17 option.
18 Q. So since 2010, you haven't had
19 any involvement with either on the
20 counterparty side or the seller side with
21 respect to hedge fund-linked call options?
22 MR. MULDREW: Objection to form.
23 A. I mean, I keep -- two of my best
24 friends, Trevor Randolph runs Credit Suisse
25 and Mike Vitalli runs Macquarie Bank. I

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2 customer of the competitors, getting as
3 much information as I could from them, to
4 be able to understand with as much
5 completeness as possible not only my
6 business, but everyone else's.
7 Q. But you don't know if they were
8 actually telling you everything, do you?
9 MR. MULDREW: Objection to form.
10 A. I couldn't be sure of that, no.
11 Q. When you use the term "all," I'm
12 just asking, for the purposes of this
13 report, did you try to do a survey of the
14 other hedge fund-linked call option sellers
15 in the market?
16 MR. MULDREW: Objection to form.
17 A. My engagement in this matter was
18 based on my experience. And in my
19 experience, I did what I just answered
20 regularly and as often as possible.
21 So I feel like I did survey most
22 of the competitors out there. In fact,
23 most of them hired employees who trained
24 under me to start their own businesses for
25 them, and they followed similar business

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2 know what's happening today as well.
3 Certainly not as well as I did before, but
4 I know better than the average person still
5 what's happening today.
6 Q. Now, sir, I want to direct your
7 attention to paragraph 38, which starts on
8 page 13 and then goes over to 14.
9 In particular, I want to look at
10 the last sentence, which is on page 14 of
11 paragraph 38, the last two sentences, where
12 you say:
13 "The co-mingling of premiums
14 into a single bank account and holding
15 single accounts with hedge funds are both
16 standard operating procedures in the
17 administration of a hedge fund derivatives
18 business.
19 "It does not harm a counterparty
20 in any way to co-mingle premiums with those
21 of other counterparties."
22 What is the basis for those two
23 sentences?
24 A. I would say the fungibility of
25 cash. For example, if I go to the bank and